CHUA TIONG HOONG & ORS v. N2N CONNECT BHD & ORS AND ANOTHER APPEAL

COURT OF APPEAL, PUTRAJAYA
HAS ZANAH MEHAT JCA
CHE MOHD RUZIMA GHAZALI JCA
SEE MEE CHUN JCA
[APPEAL SUIT NOS: W-02(IM)(IPCv)-1985-10-2021
& W-02(IM)(IPCv)-1986-10-2021]
27 JULY 2023

Abstract – *Anton Piller Order is a draconian order wherein, the terms, conditions and undertakings are necessary pre-conditions to the enforcement of the order and therefore, could not be ignored and must be strictly complied with. Where there has been non-compliance, the order is liable to be set aside and such non-compliance could not be corrected by subsequent compliance.*

CIVIL PROCEDURE: *Judgments and orders – Anton Piller Order ('APO') – Application to set aside – Whether terms, conditions and undertakings to be strictly complied with – Whether failure to observe contents and execution of APO renders it liable to be set aside – Whether 'any facts which may lead to the Court not to grant the application ex parte or at all' in O. 29 r. 1(2A)(e) of Rules of Court 2012 relate to relevant material facts – Whether application allowed*

The respondents ('plaintiffs') were a collective group involved, *inter alia*, in the business of developing computer software packages, providing designing, programming and consultancy services. The first, third and fourth defendants ('D1, D3, D4') were the former employees of the plaintiffs. The fifth and sixth defendants ('D5, D6'), in which D1 was a director, were companies involved in the same line of business as the plaintiffs. D3 and D4 were employed and/or engaged to provide services to D5 and D6. The plaintiffs' claim was for copyright infringement and breach of confidential information wherein the plaintiffs alleged D1, D3 and D4 had misappropriated the 'plaintiffs' software and marketing materials to set up D5 and D6. The plaintiff successfully obtained an *Anton Piller* Order ('APO'). The defendants filed applications to set aside the APO and subsequently amended to include a prayer on the assessment of damages. Subsequently, D1, D5 and D6 filed for a protective order wherein an interim order ('interim PO') was granted. Accordingly, the plaintiffs' solicitors delivered copies of documents, storage devices and CDs containing the APO information to the supervising solicitors for safekeeping. The defendants' applications were subsequently dismissed. Hence, these appeals. It was the High Court's finding that (i) the plaintiffs had fully observed their duty of full and fair disclosure at the *ex parte* stage and had successfully shown a strong *prima facie* case on the

claims against the defendants; and (ii) there would be irreparable harm to the plaintiffs and damages may not be an adequate remedy if an APO was not ordered.

Held (allowing appeals; setting aside decision of High Court)
Per See Mee Chun JCA delivering the judgment of the court:

(1) While the APO is a valuable procedure, at the same time, it is a draconian order akin to one of the law's nuclear weapons, such that the terms, conditions and undertakings could not be ignored and are to be complied with. A failure to observe the contents and execution of the APO could render the APO liable to be set aside. Paragraph 4 of Schedule 6 of the APO required the SS to retain in the custody of the SS's firm's premises, all items retained by them as a result of the execution of the APO, until and unless the court otherwise directs. Here, the item was handed over by the SS to the plaintiffs' solicitors who in turn provided the same to the plaintiffs. This was a non-compliance with the APO where such dispensation was only upon the court's direction. (paras 15, 24, 25 & 38)

(2) There was no merit in the complaint relating to the use of the APO information where the purpose was to protect the plaintiffs' interest against any other party which must necessarily be taken in other proceedings. With regard to the complaint concerning the breach of para. A(a)(iii) of the APO that up to three persons were permitted to enter the premises, in this case, more than three persons entered the premises, wherein they took turns to ensure that, at any one time, there were three persons. Hence, there was no merit to this complaint as the terms of three persons for the purpose as envisaged in the APO were complied with. (paras 27-29)

(3) The software and confidential information were material disclosures, which ought to be disclosed for it goes to the heart of ownership. There was no reason for the plaintiffs not to exhibit the actual CD Roms since they had obtained a protective order pursuant to the APO. Further, there had been material non-disclosures as to why the counterclaim against D1 had been withdrawn and why there was no appeal against the striking out of the claim against D4. A reading of the words 'any facts which may lead to the court not to grant the application *ex parte* or at all' in O. 29 r. 1(2A)(e) of the Rules of Court 2012 must necessarily relate to relevant material facts. Hence, the non-disclosure must not be of any facts but relevant material facts for which it was found that no relevant material facts were disclosed. (paras 49 & 56-58)

(4) There was no merit in the contention that the listed items and the search items in Schedule 3 of the APO were too wide. The scope of the listed items and the search items reflected the nature of the suit which involved

a multitude of companies and persons premised on copyright infringement and breach of confidential information. These were on the basis of relevance and necessity. (paras 59-61)

Case(s) referred to:
Arthur Anderson & Co v. Interfood Sdn Bhd [2005] 2 CLJ 889 CA ***(refd)***
Hansfield Developments & Ors v. Irish Asphalt Ltd & Ors [2010] IEHC 32 ***(refd)***
Kosma Palm Oil Mill Sdn Bhd & Ors v. Koperasi Serbausaha Makmur Bhd [2004] 1 CLJ 239 CA ***(refd)***
Makonka Electronic Sdn Bhd v. Electrical Industry Workers' Union & Ors [1997] 1 LNS 86 HC ***(refd)***
OAG Engineering Sdn Bhd & Ors v. Ng Hoe Keong & Ors [2021] 1 LNS 201 HC ***(refd)***
Onestop Software Solutions (M) Sdn Bhd & Anor v. Masteritec Sdn Bhd & Ors [2009] 1 LNS 287 HC ***(refd)***
Ooi Bee Tat v. Tan Ah Chim & Sons Sdn Bhd & Anor And Another Appeal [1995] 4 CLJ 484 CA ***(refd)***
WEA Records Ltd v. Visions Channel 4 Ltd & Ors [1983] 2 All ER 589 ***(refd)***
Yukilon Manufacturing Sdn Bhd & Anor v. Dato' Wong Gek Meng & Ors (No 4) [1998] 4 CLJ Supp 319 HC ***(refd)***

Legislation referred to:
Copyright Act 1987, s. 42(1)(a)(iii)
Rules of Court 2012, O. 29 r. 1(2A)(e)

(Appeal Suit No: W-02(IM)(IPCv)-1985-10-2021)
For the appellants - Wendy Lam Mei Kuan, Wong Jia Ee, Himahlini, Ramalingam & Haiman Haqeem Al Sadat; M/s Himahlini & Co
For the respondents - Khoo Guan Huat, Suaran Singh, Kuek Pei Yee, Gooi Yang Shuh, Chow Xing Hui & Ashwin Selvanathan; M/s Law Partnership

(Appeal Suit No: W-02(IM)(IPCv)-1986-10-2021)
For the appellants - Wendy Lam Mei Kuan, Wong Jia Ee & Rachel Lim Han Ying; M/s Himahlini & Co
For the respondents - Khoo Guan Huat, Suaran Singh, Kuek Pei Yee, Gooi Yang Shuh, Chow Xing Hui & Ashwin Selvanathan; M/s Law Partnership

[Editor's note: For the High Court judgment, please see N2N Connect Berhad & Ors v. Chua Tiong Hoong & Ors [2023] 1 LNS 570 (overruled).]

Reported by S Barathi

JUDGMENT

See Mee Chun JCA:

Introduction And Background Facts

[1] There are two appeals heard together. Parties will be referred to as in the High Court. Appeal 1985 is by D1, D5 and D6. Appeal 1986 is by D3 and D4. References to enclosures are to appeal 1985, unless otherwise indicated.

[2] The plaintiffs may be described as a collective group involved, *inter alia,* in the business of developing computer software packages, providing designing, programming and consultancy services.

[3] D1, D3 and D4 are the former employees of the plaintiffs. D5 and D6 are companies who are also in the same line of business as the plaintiffs. D1 is said to be a director of D5 and D6, and D3 and D4 are said to be currently employed and/or engaged to provide services to D5 and D6.

[4] The claim by the plaintiffs is for, *inter alia,* copyright infringement and breach of confidential information. The plaintiffs' allegation is that D1, D3 and D4 had misappropriated the plaintiffs' software and marketing materials to set up D5 and D6.

[5] On 1 April 2021, the plaintiffs had applied for an *Anton Piller* Order (APO) which was granted on 2 April 2021. The APO is in encl. 51/77-132, translation. The APO was executed from 5 April 2021 until 15 April 2021.

[6] On 8 April 2021, the defendants filed applications to set aside the APO and subsequently amended to include a prayer on the assessment of damages.

[7] On 19 April 2021, D1, D5 and D6 filed for a protective order wherein an interim order (interim PO) was granted on 21 April 2021. Accordingly, the plaintiffs' solicitors delivered copies of documents, storage devices and CDs containing the APO information to the supervising solicitors for safekeeping.

[8] On 24 September 2021, the defendants' setting aside applications were dismissed. Hence, the appeals to this court.

[9] We allowed the defendants' appeals for the reasons which now follow.

Decision Of The High Court

[10] The grounds of judgment (GOJ) of the High Court (HC) can be found in encl. 56/14-36. The HC in para. 8 referred to the principles laid down in *Arthur Anderson & Co v. Interfood Sdn Bhd* [2005] 2 CLJ 889 for the law on granting an APO. It essentially found that the plaintiffs had fully observed their duty of full and fair disclosure at the *ex parte* stage and was satisfied that they had successfully shown a strong *prima faci*e case on the claims against the defendants which affords overwhelming justification for the APO. Refer to para. 12.

[11] In para. 13, the HC being satisfied that the plaintiffs had passed the first hurdle, then scrutinised the evidence in the form of affidavits and concluded in para. 14:

> [14] Based on the above findings, I came to the conclusion that:
>
> (i) due to the incriminating nature of the evidence which are likely to be found in the possession, custody and control of the Defendants, there exist likelihood of real risk that the evidence being destroyed, hidden or removed; and

(ii) Due to the same nature of the business operated by N2N Group and that of the Defendants, there exist likelihood of copying and/ or reproduction of the Confidential Information and Trade Secrets of the Plaintiffs for further or future use and the same may be stored or relocated by the Defendants to a third party not named in the proceedings as a measure to defeat the intent of the Orders sought;

the Orders seek by the Plaintiffs must be granted for the preservation of the evidence that would be extracted from the APO process, which formed part of the Orders.

[12] The HC was further satisfied that there would be irreparable harm to the plaintiffs and damages may not be an adequate remedy if an APO was not ordered.

Grounds To Set Aside

[13] The principal grounds advanced by the defendants for the setting aside relate to the manner and mode of execution of the APO, non-disclosure of material facts and the length and breadth of the APO.

Our Decision

[14] We start with the decision of this court in *Arthur Anderson*. We intend to refer to the following passages *in extenso* as laying down the rationale and the principles of setting aside an APO. At pp. 902 to 904, this was stated:

In turn, our courts when accepting the doctrine had in fact ensured that such guidelines and safeguards incorporated in those highly persuasive decisions were followed. That is plain common sense. Otherwise it would be like arming an applicant with 'one of the law's two 'nuclear' weapons' per Donaldson LJ (as he then was) in *Bank Mellat v. Nikpour* [1985] FSR 87 at p. 90 to be used at his whims and fancies. Thus, we are entirely in agreement with the observation of the learned judge in the case of *Makonka Electronic Sdn Bhd v. Electrical Industry Workers' Union & 2 Ors* (*supra*) when he said:

It is a draconian order, granted by the court upon the balance of undertakings by the applicant and upon specific terms and conditions. Those terms, conditions and undertakings cannot be ignored or left for subsequent compliance at will. Compliance with the terms of the conditions and undertakings are necessary pre-conditions to the enforcement of the order ...

The *Anton-Piller* order is a valuable procedure and ought to be preserved. The efficacy, however, of the *Anton Piller* procedure depends very much on all the parties seeking a fine balance to protect their respective interests and rights. A solicitor acting for an applicant must remember at all times that he is an officer of the court, and to ensure that the application he is putting forward contains adequate safeguards of the basic rights of the other party. It is not that he is obliged to act for the other party, but that

A he is bound to ensure the procedure is not abused. He must put forward a reasonable application if it is to be entertained. He should for example ensure:

1. That there is full and frank disclosure of all relevant information and evidence to justify the issue of the order.

B 2. The order must be drawn such that it extends no further than the minimum necessary to achieve the preservation of evidence which may be otherwise removed or destroyed.

3. The application includes first alternative prayers for orders to produce and deliver specific evidence. Only upon the respondents' C failure to produce and deliver such evidence would the other orders of the *Anton Piller* order are to come into effect. This would offer a "less draconian unless necessary" approach, and by specifying the evidence to be produced avoid fishing expeditions and unnecessary invasion into unrelated information.

D 4. That the application contains clear and specific undertakings that the order will be served by a solicitor who will at the same time supply a copy of the application and all affidavits and documents put before the judge in making the application; explain its exact terms to the respondent; advise him to seek immediate legal advice and that he has a reasonable time to do so.

E 5. That the application contains clear undertakings for damages, and that the evidence obtained will not be used in any other proceedings without the consent of the court.

6. As a further safeguard, to have a separate solicitor to supervise the execution by the applicants' solicitors, and persons who are to F accompany him are to be named in the order so that they may be identified by the respondent (see *Vapormatic Co Ltd v. Sparex Ltd* [1976] 1 WLR 939).

…

G The purpose of the safeguards is to ensure that the enforcement of the order could be carried out in a peaceful and orderly manner. For that purpose the order must be carried out strictly on its terms and the undertakings thereunder. Where there has been non-compliance, the order has become liable to set aside and such non-compliance cannot be corrected by subsequent compliance. Such a strict approach is necessary to guarantee that *Anton-Piller* H orders are carried out strictly according to its terms and no further. For this reason the order was subsequently set aside upon application of the respondent, and cannot be the basis of an application for leave to commence committal proceedings against the respondent.

I **[15]** As recognised in *Arthur Anderson*, the APO is a valuable procedure but, at the same time, a draconian order akin to one of the law's nuclear weapons, such that the terms, conditions and undertakings cannot be ignored and are to be complied with.

[16] With the above principles in mind, we will now proceed to consider the principal grounds of the defendants. A

Execution Of APO

[17] It was submitted extensively that the APO did not contain the safeguards as found in the UK and Singapore Practice Directions. B

[18] We find that we are only required to consider those Practice Directions only if those safeguards are already embedded in our Malaysian cases or even English cases.

[19] This was the context of *Arthur Anderson* at p. 902: C

> In turn, our courts when accepting the doctrine had in fact ensured that such guidelines and safeguards incorporated in those highly persuasive decisions were followed. This is plain common sense. Otherwise it would be like arming an applicant with 'one of the law's two nuclear weapons' … to be used at his whims and fancies …

D

[20] Further at p. 904, it was stated:

> Hence, in this country even in the absence of any Practice Direction the application and execution of an *Anton Piller* Order is subject to stringent requirements, guidelines and safeguards. In other words, any departure would be contrary to the common law of Malaysia as such point has already been made …

E

[21] The Supreme Court in *Ooi Bee Tat v. Tan Ah Chim & Sons Sdn Bhd & Anor And Another Appeal* [1995] 4 CLJ 484; [1995] 3 MLJ 465 held that:

> … Practice directions are intended to be no more than a direction for administrative purpose …

F

[22] Closer to point, in *OAG Engineering Sdn Bhd & Ors v. Ng Hoe Keong & Ors* [2021] 1 LNS 201; [2021] MLJU 158, the High Court had the occasion to consider the effect of UK and Singapore Practice Directions in the light of *Arthur Anderson*. This was said:

G

> [47] Those words simply cannot mean that the Courts here must import the UK and Singapore Practice Directions, or whichever other equivalent directions or guidelines *in toto* simply due to the non existence of the same in Malaysia. In fact, His Lordship Richard Malanjum in that case whilst acknowledging such absence of Malaysian Practice Directions on APO went on to say: …

H

> …
>
> [49] This goes to show that in the absence of the Malaysian Practice Direction, Malaysian Courts would refer to jurisprudence laid down in other jurisdictions on similar issue searching for applicable principles as guidance, instead of importing that jurisdictions' Practice Directions or legislative provisions as suggested by the learned counsel for the Defendants.

I

We agree with the above and accords with what we said earlier.

[23] In fact and in any event, going by the three main complaints of the defendants on the safeguards which were not complied with, these were already contained in the APO. We need not even consider UK and Singapore Practice Directions.

[24] The first relates to para. 4 of Schedule 6 of the APO regarding the supervising solicitor's (SS) undertaking (encl. 51/132). It states as follows:

> 4. To retain in safekeeping of the custody of the Supervising Solicitors' firm's premises all items retained by them as a result of the execution of this Order, until and unless the Court directs otherwise.

[25] The aforesaid para. 4 requires the SS to retain in the custody of the SS's firm's premises all items retained by them as a result of the execution of the APO, until and unless the court otherwise directs. Here, it is not disputed that the item known as the yellow envelope was handed over by the SS to the plaintiffs' solicitor who in turn provided the same to the plaintiffs. It was said that D1's consent had been obtained, which was seriously disputed by D1. Be that as it may, we view this as a non-compliance of the APO where such dispensation is only upon the court's direction.

[26] There were similar complaints with regard to the items seized from the other defendants as per part F(b) of the submissions in chief, in that data, documents and devices were released to the plaintiffs' solicitors who in turn gave them to the plaintiffs.

[27] The second complaint relates to the use of APO information. This relates to the plaintiffs' undertaking in para. 4 of Schedule 4 not to use the APO information except for the purpose of these proceedings and/or in pursuing claims against the defendants or any third party acting in concert with the defendants. However, para. 30 of the APO states the plaintiffs are granted leave to use the APO information for their protection or prosecution against the defendants or any other parties apart from in this action. It was submitted that para. 30 cancels the plaintiffs' undertaking.

[28] We find no merit in this complaint where the purpose is to protect the plaintiffs' interest against any other party which must necessarily be taken in other proceedings.

[29] The third complaint concerns the breach of para. A(a)(iii) of the APO that up to three persons are permitted to enter the premises for the purpose of the APO. Here, it was said more than three persons entered the premises. What they did was taking turns to ensure that at any one time, there were three persons. Precisely for this reason, we find no merit to this complaint, as there was compliance with the terms of three persons for the purpose as envisaged in the APO.

[30] *Arthur Anderson* referred to *Makonka Electronic Sdn Bhd v. Electrical Industry Workers' Union & Ors* [1997] 1 LNS 86; [1997] 4 AMR 3173, where a further safeguard is to have a separate solicitor to supervise the execution by the applicants' solicitor and persons who are to accompany him to be named in the order. Here, it was the other way around where the undertaking was by the SS to execute with none by the plaintiffs' solicitors which meant the plaintiffs' solicitors were not executing the APO. We refer to the plaintiffs' solicitor's undertaking in Schedule 5 (encl. 51/131) as follows:

Schedule 5

Plaintiffs' Solicitor's Undertaking

The Plaintiffs' Solicitors provides this Honourable Court with the following undertakings:

1. To serve on the Defendants at the same time of the service of this Order, a copy of the following (as facilitated by the Supervising Solicitor):
   1.1. the Writ of Summons and Statement of Claim;
   1.2. the Notice of Application (*Ex-Parte*); and
   1.3. the affidavit(s) containing the evidence relied on by the Plaintiffs.
2. To answer at once to the best of their ability any question whether a particular item is a Listed Item or otherwise.
3. To provide a copy of the Supervising Solicitors' Report to the Defendants' Solicitors (if not already done so by the Supervising Solicitors).

[31] This contrasts with para. 2 of the SS undertaking:

2. To execute this Order calmly, orderly and in a respectful manner.

[32] Further, as acknowledged by the plaintiffs' solicitor, the three persons permitted to enter the premises were not named in the APO. This would be at variance with the safeguard in *Makonka* that such persons be named so that they may be identified by the defendants. Hence, although there was technically compliance with having up to three persons, the safeguard of identity was not complied with, such that these persons could play tag, as described by the defendants' solicitor. We note, too, that the names of the SS were also not provided.

[33] Other than what has been set out above, we find it not necessary to deal with the missing safeguards or requisite undertakings.

[34] We therefore find non-compliance with the APO as stated above. As per *Arthur Anderson,* where there is a failure to observe the contents and execution of the APO, the APO is liable to be set aside. It is not merely to proceed by way of seeking damages for breach of an undertaking.

[35] The plaintiffs had referred to *WEA Records Ltd v. Visions Channel 4 Ltd & Ors* [1983] 2 All ER 589 for the proposition that where the APO had been executed, the only remedy was for damages pursuant to the undertaking. At p. 594, this was stated:

> In the instant case the *Anton Piller* order is spent in the sense that it has been executed. However, the defendants seek to go back to the beginning of the action saying that, regardless of whether the fruits of the order are such as to show that it was abundantly justified, the judge had insufficient material to justify his action at the *ex parte* stage. They therefore invite us to set the *ex parte* order aside and to order the return of the affidavits to the two personal defendants and the seized material to the defendants' solicitors.
>
> I regard this as wholly absurd. The courts are concerned with the administration of justice, not with playing a game of snakes and ladders. If it were now clear that the defendants had suffered any injustice by the making of the order, taking account of all relevant evidence including the affidavits of the personal defendants and the fruits of the search, the defendants would have their remedy in the counter-undertaking as to damages. But this is a matter to be investigated by the High Court judge who is seised of the matter, and only when he has reached a decision can this court be concerned.
>
> I would dismiss this appeal, not on the merits, but on the grounds that it is an abuse of the process of the court. Lest it be thought that that is an opprobrious phrase, let me explain that by that I mean that it is wholly inappropriate for this court to entertain an appeal from the order of Mervyn Davies J made *ex parte* when not only has it been executed, but the matter has subsequently come back to and is in the process of being considered by other High Court judges.

[36] Reference was also made to *Yukilon Manufacturing Sdn Bhd & Anor v. Dato' Wong Gek Meng & Ors (No 4)* [1998] 4 CLJ Supp 319 for a similar proposition. At p. 364, this was said:

> In regard to the *Anton Piller* order that was obtained *ex parte* by the plaintiffs, the appropriate time for the court to hear and determine an application by the defendants to discharge that *Anton Piller* order on the ground that it was obtained as the result of material non-disclosure by the plaintiffs, was at the trial rather than during the interlocutory stage of the proceedings for the simple reason that the *Anton Piller* order that was obtained *ex parte* having, usually, been executed, like the present case, the only effect of the non-disclosure will be to affect the plaintiffs' liability under his cross-undertaking in damages and interlocutory proceedings, was not the appropriate time for the court to hear evidence and determine allegations of what has happened in the past. Sir Nicolas Browne-Wilkinson VC in *Dormeuil Freres SA and another v. Nicolian International (Textiles) Ltd* [1988] 3 All ER 197 aptly said at pp. 200 to 201 of the report in these words:

> In my judgment, save in exceptional cases, it is not the correct procedure to apply to discharge an *ex parte* injunction on the grounds of lack of full disclosure at the interlocutory stage of the proceedings. The purpose of interlocutory proceedings is to regulate the future of the case until trial.
>
> Where an *Anton Piller* order has been made *ex parte*, in the vast majority of cases the order has been executed before the *inter partes* hearing. Setting aside the *Anton Piller* order cannot undo what has already been done. As to the injunction contained in the ordinary *Anton Piller* order, that is directed to last only until the *inter partes* hearing of the motion. The correct course, as the Court of Appeal decisions show, is to regulate the matter for the future on the basis of the evidence before the judge on the inter partes hearing. The sole relevance of the question 'Should the *ex parte* order be set aside?' is, so far as I can see, to determine the question whether the plaintiff is liable on the cross-undertaking in damages given on the *ex parte* hearing. That is not an urgent matter. It is normally much better dealt with at the trial by the trial judge, who knows all the circumstances of the case and is able, after cross-examination, to test the veracity of the witnesses.

[37] *Yukilon* is at best a High Court case. It will be noted at p. 595 that *WEA Records* was qualified to the extent as follows:

> It does not of course affect the situation if the order was obtained *mala fide* or by some material non-disclosure, …

[38] More importantly, we have a leading authority in *Arthur Anderson* which has laid down the principle that a failure to observe the contents and execution of the APO can render the APO liable to be set aside.

Non-disclosure Of Material Facts

[39] It is common ground that *Arthur Anderson* also stands for the proposition that non-disclosure of material facts can be a ground for setting aside.

[40] We also refer to *Kosma Palm Oil Mill Sdn Bhd & Ors v. Koperasi Serbausaha Makmur Bhd* [2004] 1 CLJ 239; [2004] 1 MLJ 316 (Court of Appeal) at p. 249 (CLJ); p. 328 (MLJ):

> It is trite law that in any *ex parte* application it is essential that there must be frank and fair disclosure of all relevant materials including points that may be unfavourable to an applicant. In *Siporex Trade SA v. Comdel Commodities Ltd* [1986] 2 Lloyd's Law Rep 428, his Lordship Bingham J (as he then was) said this at p 437:
>
> Failure to make full and fair disclosure
>
> The scope of the duty of disclosure of a party applying *ex parte* for injunctive relief is, in broad terms, agreed between the parties. Such an applicant must show the utmost good faith and disclose his case fully and fairly. He must, for the protection and

information of the defendant, summarize his case and the evidence in support of it by an affidavit or affidavits sworn before or immediately after the application. He must identify the crucial points for and against the application, and not rely on general statements and the mere exhibiting of numerous documents. He must investigate the nature of the cause of action asserted and the facts relied on before applying and identify any likely defences. He must disclose all facts which reasonably could or would be taken into account by the judge in deciding - whether to grant the application. It is no excuse for an applicant to say that he was not aware of the importance of matters he has omitted to state. If the duty of full and fair disclosure is not observed, the court may discharge the injunction even if after full enquiry, the view is taken that the order made was just and convenient and would probably have been made even if there had been full disclosure. Most of these principles are established by authorities such as *Rex v. The Kensington Income Tax Commissioners* [1917] 1 KB 486; *Thermax Ltd v. Schott Industrial Glass Ltd* (1981) FSR 289; *Wardle Fabrics Ltd v. G Myristis Ltd* (1984) FSR 263; *BankMellat v. Nikpour* (1985) FSR 87, The other principles have not been the subject of detailed challenge.

[41] The first ground raised was that the software and confidential information were not disclosed but only photographs of the CD and a collage of photos of CD Rom. This fact is not disputed.

[42] The plaintiffs' contention was that they had disclosed the material information which was the fact of the existence of the copyrighted work and that they owned the copyright. Further, parts of the source code had been disclosed as per encl. 11.

[43] *Onestop Software Solutions (M) Sdn Bhd & Anor v. Masteritec Sdn Bhd & Ors* [2009] 1 LNS 287; [2009] 8 MLJ 528 was referred for the principle that production of source codes at the interlocutory stage is premature and unnecessary. Reference was made in particular to paras. 39 to 41 as follows:

> [39] With regard to the production of the plaintiffs' source codes in the QnE Software, the court finds that at this juncture, such production is premature. The issue whether there has been actual copying of the source codes, and if so, which part of the QnE Software, including the source codes, has been copied, is for determination at full trial.
>
> [40] The plaintiffs' application is for an interlocutory injunction. The plaintiffs have adduced sufficient evidence as exhibited in the plaintiffs' affidavits to show that the defendants' have copied substantially from the plaintiffs' QnE Software. There is no need for reference to source codes at this juncture. Furthermore, copying of source codes is only one aspect of infringement of the copyright in the plaintiffs' computer program. There are the non-literal elements of the QnE Software which have been copied, which evidence of copying can be seen from the various objective similarities already highlighted and affirmed in the plaintiffs' affidavits.

[41] It is neither expedient nor necessary at this stage to delve into the disclosure of source codes, since source codes are not easily understood by laymen and would need an expert to analyse. Further delay will be caused to the plaintiffs' application if time is taken to analyse the source codes. As such, the request by the defendant is a delay tactic as well as a fishing expedition early in the proceedings.

[44] With due respect, the reliance on the above passages is misplaced. These passages appear in the context of discovery under the heading "PRINCIPLES OF DISCOVERY".

[45] In addition, it was said that D1 had while he was a director in plaintiff 1, earlier affirmed two statutory declarations (SD) dated 12 September 2014 that the plaintiffs were the copyright owner of TC PRO and OMS Plus. That, coupled with him being the co-author of the work, meant he was aware of the plaintiffs' copyright and source code. Reference was made to s. 42, Copyright Act 1987, that such SDs are *prima facie* evidence of copyright ownership.

[46] The SDs in question are contained in encl. 24, as exh. "A30" and exh. "A32". The contents are identical except that exh. "A30" refers to TC PRO and exh. "A32" refers to OMS Plus. It suffices to refer to exh. "A30" and para. 3 as follows:

3. The Company is the lawful exclusive owner of the copyright subsisting in TCPRO.

   True copies of the source codes of TCPRO to which the Company is the lawful exclusive owner are attached herewith in the form of a Compact Disk (CD) marked as Exhibit CTH-2 ("the Works").

[47] Exhibit CTH2 which was to be the CD of true copies of the source code does not disclose that. Instead, it shows as follows:

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N2N CONNECT BERHAD (523137-K)
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[48] This is not in accordance with s. 42(1)(a)(iii) where a copy of the work is required to be annexed as the true copy. For ease of reference, s. 42(1) is set out as follows:

42 Affidavit admissible in evidence

(1) An affidavit, certified extracts of the Register of Copyright referred to in section 26B or statutory declaration made before any person having authority to administer oath by or on behalf of any person claiming to be:

(a) the owner of the copyright in any works eligible for copyright under this Act stating that:

(i) at the time specified therein copyright subsisted in such work;

(ii) he or the person named therein is the owner of the copyright; and

(iii) a copy of the work annexed thereto is the true copy thereof; or

…

shall be admissible in evidence in any proceedings under this Act and shall be *prima facie* evidence of the facts contained therein.

[49] We find that the software and confidential information are material disclosures, which ought to be disclosed, for it goes to the heart of ownership. We agree that there is no reason for the plaintiffs not to exhibit the actual CD Roms since they have obtained a protective order pursuant to the APO.

[50] Further, part disclosure is not full disclosure and even that was at the stage of the interim PO. Even if it can be said that D1 knew of the plaintiffs' ownership, the same cannot be said of D3 and D4.

[51] Disclosure is at the time of the application for *ex parte* APO and not when the interim PO was sought and granted.

[52] The second non-disclosure was that relating to the withdrawal of the plaintiffs' counterclaim against D1 and the striking out of the claim against D4. We agree that although the suits were disclosed, the reasons for such were not. This is material as the counterclaim and claim then were also on breaches of copyright and the present suit and APO is similarly premised.

[53] In respect of D1, he had commenced a suit against the first and second plaintiff on 17 January 2019 (WA-A52NCvC-50-01-2019, encl. 10/172-221) for his 2016 bonus and unpaid salary for July and August 2018. The counterclaim was for breach of employment contract and fiduciary duty as the business operations manager and repayment of salaries from August 2017 to August 2018. It was pleaded in the amended defence and counterclaim as follows:

16. Defendan-Defendan juga memplidkan bahawa Plaintif sendiri telah gagal mematuhi terma-terma dan syarat-syarat Kontrak Pekerjaan apabila Plaintif telah bekerja untuk pesaing-pesaing Defendan-Defendan sewaktu Plaintif masih berada dalam perkhidmatan dan/atau semasa dalam tempoh siasatan dalam tersebut. Namun Plaintif telah gagal untuk bertindak suci hati dan bagi kepentingan diri sendirinya di mana Plaintif telah memungkiri terma nyata atau tersirat kontrak pekerjaan dan juga obligasi fidusiari dengan meletakkan dirinya dalam kedudukan dimana kepentingan dirinya bercanggah dengan kepentingan Defendan-Defendan secara langsung dan/atau tidak langsung di mana butir-butirnya seperti berikut:

16.1 Melibatkan diri dengan pekerjaan dengan syarikat pesaing Defendan-Defendan dengan konflik kepentingan perniagaan yang akan membentuk gangguan terhadap hubungan kontrak Defendan-Defendan yang menyebabkan Defendan-Defendan dan kliennya mengalami kerugian;

16.2 Mengunakan sistem tanpa kebenaran dengan menggunakan kata laluan terdahulu untuk mendapatkan akses kepada sistem komputer Defendan-Defendan tanpa kebenaran terlebih dahulu atau pengetahuan Defendan-Defendan selepas pemberhentian pekerjaan dengan Defendan-Defendan;

16.3 Menggunakan maklumat sulit Defendan-Defendan dalam apa jua bentuk sama ada bertulis atau sebaliknya berkenaan reka bentuk, kod, paten, kontrak, organisasi, pembekal, pelanggan, pelan strategik dan semua hal ehwal lain yang berhubungan dengan perniagaan syarikat Defenda-Defendan dengan menyebabkan Defendan-Defendan mengalami kerugian;

16.4 Menghampiri, merampas, memperoleh, meminta atau berusaha untuk mengambil dari Defendan-Defendan, perniagaan pelanggan, pelanggan atau prospek Defendan-Defendan dengan pengetahuan dan maklumat yang diperoleh atau yang dibangunkan semasa penggajian Plaintif dengan Defendan-Defendan.

16.5 Membocorkan dan/atau menyalahgunakan dan/atau melepaskan kepada pihak ketiga dengan hak harta intelek dan perindustrian Defendan-Defendan yang diperoleh atau dibangunkan semasa penggajian Plaintif dengan Defendan-Defendan yang telah menyebabkan Defendan-Defendan mengalami kerugian;

16.6 Melakukan suatu sabotaj semasa dalam tempoh pekerjaan dengan mengubah beberapa bulan sebelum pemberhentian pekerjaan Plaintif, sehingga fungsi pengemasan automatik Defendan-Defendan melambatkan masa perjalanan yang menyebabkan pelanggan mengalami degradasi perkhidmatan dalam menggunakan aplikasi syarikat.

The counterclaim was withdrawn on 20 December 2019, which was on the first day of trial.

[54] In respect of D4, the fifth plaintiff had commenced a civil suit on 25 June 2019 (WA-A52NCvC-591-06-2019, encl. 10/261-294) on breach of contract where D4 is said to have involved himself with D5. It was claimed that D5 is the plaintiffs' competitor. The pleadings in para. 14 showed as follows:

> 14. Plaintif memplidkan bahawa Defendan telah gagal untuk bertindak secara suci hati dan bagi kepentingan Plaintif di mana Defendan telah meletakkan dirinya dalam kedudukan bercanggah dengan kepentingan Plaintif yang mana butir-butir pecanggahan adalah seperti berikut:
>
> 14.1 Defendan telah melanggari peruntukan Kontrak Pekerjaan tersebut dengan melibatkan diri dengan pekerjaan dengan sebuah syarikat pesaing Plaintif yang bernama Finevo Technology Sdn. Bhd. (No. Syarikat 1253439-P) ("Finevo") dengan konflik dengan konflik kepentingan perniagaan;
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> 14.2 Finevo adalah juga sebuah vendor perisian bebas Bursa Saham Malaysia yang mana dalam persaingan langsung dengan Plaintif;
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> 14.3 Disebabkan penglibatan Defendan dengan Finevo, yang mana kini telah membentuk gangguan terhadap hubungan kontrak Plaintif yang menyebabkan Plaintif dan/atau kliennya mengalami kerugian sebanyak RM110,000.00 yang mana akan dibuktikan semasa perbicaraan kelak;
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> 14.4 Defendan telah melanggari peruntukan Kontrak Pekerjaan tersebut dengan menggunakan maklumat yang bersifat rahsia Plaintif sepertimana dinyatakan di perenggan 7 dan 8 di atas, yang Defendan telah diamanahkan semasa tempoh perkhidmatan dengan Plaintif, menyebabkan Plaintif mengalami kerugian yang mana akan dibuktikan semasa perbicaraan kelak; dan
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> 14.5 Defendan telah melanggari peruntukan Kontrak Pekerjaan tersebut dengan membocorkan dan/atau menyalahgunakan dan/atau melepaskan kepada pihak ketiga dengan Maklumat rahsia mengenai hak harta Intelek dan perindustrian Plaintif yang diperoleh atau dibangunkan semasa tempoh pekerjaan Defendan dengan Plaintif yang telah menyebabkan Plaintif mengalami kerugian dan akan dibuktikan semasa perbicaraan kelak.

[55] D4 had successfully stuck out the claim on the ground that it disclosed no reasonable cause of action where the fifth plaintiff had failed to identify with particularity the confidential information that D4 was alleged to have misused. There was no appeal.

[56] We therefore find there had been material non-disclosures as to why the counterclaim against D1 had been withdrawn and why there was no appeal against the striking out of the claim against D4. We had earlier stated

the reason why we found these to be material as the counterclaim against D1 and the claim against D4 then were also on breaches of copyright and the present suit and APO is similarly premised.

[57] We conclude on this point by stating that the duty of the plaintiffs as the applicants to make a full and frank disclosure is contained in O. 29 r. 1(2A) of the Rules of Court 2012 which states the following:

> (2A) The affidavit in support of an application made *ex parte* must contain a clear and concise statement of:
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> (a) the facts giving rise to the claim;
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> (b) the facts giving rise to the application for interim injunction;
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> (c) the facts relied on to justify the application *ex parte*, including details of any notice given to the other party or, if notice has not been given, the reason for not giving notice;
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> (d) any answer by the other party (or which he is likely to assert) to the claim or application;
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> (e) any facts which may lead the Court not to grant the application *ex parte* or at all;
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> (f) any similar application made to another Judge, and the order made on that application; and
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> (g) the precise relief sought.

[58] A reading of the words "any facts which may lead to the court not to grant the application *ex parte* or at all" in r. 1(2A)(e) must necessarily relate to relevant material facts. Hence, it must not just be the non-disclosure of any facts but relevant material facts for which we found that relevant material facts were not disclosed.

Length And Breadth Of The APO

[59] The contention is that the listed items and the search items in Schedule 3 of the APO are too wide. At first blush, it may appear so. However, we find that the scope of the listed items and the search items reflect the nature of the suit which involves a multitude of companies and persons premised on copyright infringement and breach of confidential information. These are on the basis of relevance and necessity.

[60] In *Hansfield Developments And Others v. Irish Asphalt Ltd And Others* [2010] IEHC 32, it was said as follows at p. 275:

> It seems to me that in certain circumstances a too wide ranging order for discovery may be an obstacle to the fair disposal of proceedings rather than the converse. As Fennelly J pointed out the critical question is whether discovery is necessary for 'disposing fairly of the cause or matter'. I think it follows that there must be some proportionality between the extent or volume of the documents to be discovered and the degree to

A which the documents are likely to advance the case of the Applicant or damage the case of his or her opponent in addition to ensuring that no party is taken by surprise by the production of documents at a trial. That is not to gainsay in any sense that the primary test is whether documents are relevant to the issues between the parties.

B **[61]** We, therefore, find no merit to this contention.

Conclusion

[62] We reiterate *Arthur Anderson* at p. 903 referring to *Makonka* that the APO:

C … is a draconian order granted by the court upon the balance of undertakings by the applicant and upon specific terms and conditions. Those terms, conditions and undertakings cannot be ignored or left for subsequent compliance at all. Compliance with the terms of the conditions and undertakings are necessary to the enforcement of the order …

D **[63]** As the defendants have shown non-compliance of the APO and material non-disclosures, we are compelled to set aside the APO granted.

[64] We therefore allow the appeals and set aside the decision of the HC. We allow prayers 3, 4 and 6 of encls. 77 and 90 in the HC of the respective appeals.

E **[65]** We award costs of RM10,000 for each appeal and subject to allocatur.

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